

SB 1137 -- Perata Mortgage Relief Bill

Background

- As foreclosures have increased, California has experienced reduced housing prices, reduced real estate sales, increased unemployment in the construction and finance sectors, reduced retail spending, and reduced tax revenues for public safety and education.
- The *California Foreclosure Report* showed April foreclosure numbers were up in all categories. The average daily auction sales exceeded 1,000 properties a day for the first time in California's history. April data includes the following:
 - 44,101 Notices of Default, a new state record.
 - 29,892 Notices of Trustee Sale, a 7.8% increase over the prior month.
 - 22,838 Sale at Auction, a 44% increase over the prior month with a combined loan value of \$9.45 billion.

Summary

- Prior to filing a notice of default, lenders must contact borrowers to set up a meeting where the lenders and consumers will discuss potential ways to avoid foreclosure.
- Applies to loans made between January 1, 2003 and December 31, 2007, when most of the loans that are causing the problems we face today were made.
- Tenants will get notice (in six different languages) once a notice of sale has been posted on a property.
- The bill increases the current notice required to be given to residential tenants of foreclosed properties to 60 days prior to eviction.
- Locals can impose a \$1,000-per-day fine on financial institutions that don't maintain vacant properties if problems are not fixed within 14 days.

Support and Opposition

- As a result of negotiations, all opposition has been eliminated, including from the California Bankers Association, the California Mortgage Bankers Association, California Apartment Association, California Credit Union League, and the California Chamber of Commerce.
- Supporters of the measure include ACORN, California Association of Counties, Consumers Union, Center for Responsible Lending, California Reinvestment Committee, California Labor Federation AFL-CIO and the Western Center on Law and Poverty.